

(b) The amount of Basic insurance elected as a Living Benefit will be reduced by an actuarial amount representing the amount of interest lost to the Fund because of the early payment of benefits.

(c)(1) If an individual elects a full Living Benefit, the post-election BIA will be 0. If an employee elects a partial Living Benefit, the post-election BIA will be the BIA reduced in proportion to the amount of Basic insurance elected as a Living Benefit, as prescribed by Pub. L. 103-409 (108 Stat. 4231).

(2) The post-election BIA cannot change after the effective date of a Living Benefit election.

(d)(1) If an employee elects a full Living Benefit, Basic accidental death and dismemberment coverage terminates as of the effective date of the election.

(2) If an employee elects a partial Living Benefit, Basic accidental death and dismemberment coverage is reduced to equal the post-election BIA.

§ 870.1103 Election procedures.

(a) The insured individual must request information on Living Benefits and an application form directly from OFEGLI.

(b)(1) The insured individual must complete the first part of the application and have his or her physician complete the second part. The completed application must be submitted directly to OFEGLI.

(2) Another person may apply for a Living Benefit on the insured individual's behalf if all of the following conditions are met:

(i) The insured's physician must certify that the insured individual is physically or mentally incapable of making an election;

(ii) The applicant must have power of attorney or a court order authorizing him or her to elect a Living Benefit on the insured individual's behalf;

(iii) The applicant must place his or her own signature on the application and attach it to a true and correct copy of the power of attorney or court order authorizing the applicant to make the election on the insured individual's behalf; and

(iv) The applicant must either be the insured individual's sole beneficiary or

attach a true and correct copy of each beneficiary's written and signed consent.

(c)(1) OFEGLI reviews the application, obtains certification from the insured's employing office regarding the amount of insurance and the absence of an assignment, and determines whether the individual meets the requirements to elect a Living Benefit.

(2) If OFEGLI needs additional information, it will contact the insured or the insured's physician.

(3) Under certain circumstances, OFEGLI may require a medical examination before making a decision. In these cases, OFEGLI is financially responsible for the cost of the medical examination.

(d)(1) If the application is approved, OFEGLI sends the insured a check or makes an electronic funds transfer to the insured's account for the Living Benefit payment and an explanation of benefits.

(i) Until the check has been cashed or deposited, or before the electronic funds transfer has been received, the individual may change his or her mind about electing a Living Benefit; if this happens, the individual must mark the check "void" and return it to OFEGLI.

(ii) Once the insured individual has cashed or deposited the payment, the Living Benefit election becomes effective and cannot be revoked; OFEGLI then sends explanations of benefits to the insured's employing office, so it can make the necessary changes in withholdings and deductions.

(2) If the application is not approved, OFEGLI will notify the insured individual and the employing office. The decision is not subject to administrative review; however, the individual may submit additional medical information or reapply at a later date if future circumstances warrant.

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Subpart L [Reserved]